FMG Consulting

NEW FACILITY OPPORTUNITIES AT LEISURE@CHELTENHAM

CHELTENHAM BOROUGH COUNCIL

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A

A FINAL REPORT

BY

FMG CONSULTING

13th JANUARY 2012

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1. Introduction and Background

Introduction

1.1 Cheltenham Borough Council (the Council) wishes to consider development opportunities for its leisure facility, leisure@cheltenham, which is located on Tommy Taylors Lane in the centre of Cheltenham.

1.2 The Council has asked FMG Consulting Ltd (FMG) to identify and appraise development opportunities with the aim of generating increased revenue and develop the marginal impact of these investment proposals on the current business to improve profitability.

Background

1.3 Cheltenham is a spa town and Borough within the County of Gloucestershire on the edge of the Cotswolds in the South West region of England. It had a population of 110,013 at the 2001 census.

1.4 The town has good road and rail connections from London and the South East as well as from Birmingham to the north and Bristol in the south-west. It is adjacent to the M5 motorway (between Bristol and Birmingham) and its junction with the A417 to Swindon, and the A40 runs from across the M5 through the town towards Oxford and London. Cheltenham Spa railway station is located on the Bristol-Birmingham main line, with services to Gloucester, Bristol, Swindon, London Paddington, Cardiff Central, Plymouth and the South West, Birmingham, Derby, the North West, the North East, and Scotland.

1.5 The Borough is split into 20 wards, with a total of 40 councillors elected to serve on the Council. Since 2002 elections have been held every 2 years with half of the councillors elected at each election. Following the last election in 2010 there were 25 Liberal Democrat members, 12 Conservatives and 3 representing People Against Bureaucracy.

Current Facilities

1.6 The table below sets out the current facilities provided by leisure@cheltenham.

Facilities	Comments
Sports Hall	8 badminton courts
Cricket Hall	5 cricket nets (4 badminton courts)
Health and Fitness Suite	80 stations
Spin Studio	25 bikes
Swimming Pool	6 lane x 33m pool
Teaching Pool	23m
Diving Board	Two x 1m boards, 2m board and 5m platform

Facilities	Comments
Dance studio	45 classes per week
Multi Activity Room	Used for Pilates, yoga, parties etc
Health Spa	Sauna, steam room, jacuzzi and relaxation area
Squash Courts	5 courts
Health and beauty	Massage and reflexology
Wet and Dry Changing	Yes
Café/Vending	Outsourced to third party with a break clause in 2012.

1.7 In terms of the Gross Internal Floor Area, the facility is [awaiting information] sqm. The Council also operate the Prince of Wales Stadium which consists of two pitches, athletics track, club house and tiered seating, and which is situated across the road from the leisure centre.

1.8 The business plan has been developed from first principles, taking into account:

- a review of Sport England Active Places database and Facility Planning Model;
- income and costs from the existing facility;
- a review of current performance;
- price comparison with other local competing facilities referenced in this report; and
- available benchmark data from other similar leisure facilities across the UK.

Basis of information

1.9 It is not possible to guarantee the fulfilment of any estimates or forecasts contained within this report, although they have been conscientiously prepared on the basis of our research and information made available to us at the time of the study. Neither FMG Consulting Ltd as a company nor the authors will be held liable to any party for any direct or indirect losses, financial or otherwise, associated with any contents of this report. We have relied in a number of areas on information provided by the client, and have not undertaken additional independent verification of this data.

2. Local Context

Introduction

2.1 The section reviews the local demographics of the catchment area for the facility together with the details of health, economic activity of the population and also reviews the population in terms of market segmentation and propensity to participate in sport using the Sport England local profile analysis.

Demographic Profiles of the Catchment Areas

2.2 The main thrust of this report is to establish levels of demand for a range of facility types at the leisure@cheltenham site.

2.3 In order to understand the propensities to participate in activities, it is necessary to understand the demographic profile of the catchment for the site. The Council has provided catchment statistics for a 10 minute drivetime from the facility. This covers all of the town of Cheltenham and the village of Bishop's Cleeve to the north. It equates approximately to a 3 mile radius around the site.

2.4 The table below sets out the summary of the demographics of the Borough. Further analysis using the 10 minute catchment area for the facility follows later in this section.

Table 2.1 Analysis of Adult Population in the Borough

Age Groups	Cheltenham	Cheltenham %	South West %	England %
16 to 19	4,100	4.4%	6.1%	6.3%
20 to 24	10,300	11.0%	7.8%	8.5%
25 to 34	19,100	20.3%	13.6%	16.4%
35 to 49	18,700	19.9%	25.6%	27.0%
50 to 64	19,200	20.4%	24.0%	22.3%
65+	22,600	24.0%	22.9%	19.5%
Total (rounded)	94,000	100%	100%	100%

Above regional and national averages	Above national average but not regional average	Below regional and national averages

2.5 It can be seen that there are circa 94,000 people in the Borough that are over the age of 16. A comparison with England using the Annual Population Survey suggests that the 20-34 are substantially above the England average and the 65+ age group is marginally above the regional and national average, whilst the other age groups are below the England average. The census data also suggests that there are circa 20,500 people under the age of 16 within the Borough.

2.6 The population was estimated to grow by 4% from 2009 to 2015 which is below the regional and national averages of 4.9% and 4.4% respectively. There are stark contrasts within the projected growth patterns for different age groups, with the number of 10-19 years olds projected to decrease by 15.1% but the number of 20-34 year olds projected to increase by 31.1% over the same period.

General Health

2.7 Data from the Association of Public Health Observatories suggests that the health of people in Cheltenham is generally better than the England average. Deprivation is lower than average, however 3,535 children live in poverty. Life expectancy for both men and women is higher than the England average.

Obesity across the Borough

2.8 In terms of obesity, the data suggests that the proportion of adults in the Borough that are classified as obese is circa 20.7% of the adult population. This is below the national average of 24.2%. In terms of children, the level of obesity is at 7.3% which is below the national position of 9.6%. about 13.2% of Year 6 children are classified as obese which is significantly below the national average of 18.7%

Life Expectancy across the Borough

2.9 Life expectancy within the Borough is good compared to the national averages with males expected to live to 79.4 years compared to 77.9 and females 83.3 compared to 82.0. Life expectancy is 8.2 years lower for men and 6.2 years lower for women in the most deprived areas of Cheltenham than in the least deprived areas (based on the Slope Index of Inequality published on 5th January 2011).

Economic Activity

2.10 It is estimated that there are 7.0% of the economically active (61,400) in the Borough that are unemployed compared to a national average of 7.7% which is below the national average although above the regional average of 6.2%.

Dependent Children

2.11 Some activities such as ten pin bowling, ice skating, extreme sports zones, soft play, laser quest and swimming lessons etc require high levels of young people within the site catchment, and tend to rely on their parents to finance the relevant activity.

2.12 The analysis shows that Cheltenham has a marginally lower than average number of households where there is a dependent child under 18 years of age (40% in Cheltenham compared to 43% nationally). However, this data set is from the 2001 census so may have changed in the last ten years.

Market Segmentation across the Borough

2.13 Sport England market segmentation data models particular groups and provides information on sporting behaviours and attitudes as well as motivations for and barriers to taking part in sport. This research builds upon the Active People Survey, the Department for Culture Media and Sport's Taking Part Survey and the Mosaic tool from Experian.

2.14 Nineteen market segments have been created from an analysis of the English population (18+ years). Each segment exhibits distinct characteristics, with information covering specific sports that people take part in and reasons why people do sport, together with the level of interest in and barriers to doing more sport.

2.15 By applying this information to demographic and socio-economic data for Cheltenham, the model is able to estimate the likely behaviour and activity patterns of residents within the Borough. In addition to being used to determine which type of facilities are most appropriate to meet resident's needs, the model can also be used as a prerequisite to any intervention programmes to facilitate greater activity levels.

2.16 The table overleaf illustrates the market segmentation for Cheltenham and compares the results to the national average.

Table 2.2 Market Segmentation Analysis

Segment	Name	Age band	Cheltenham Population	Cheltenham %	England %	Preferred Activities
1 - Competitive Male (Urban)	Ben	18 - 26	4,700	5.2%	4.9%	High intensity activities, weight lifting, competitive court games and technical sports
2 - Team Drinker	Jamie	18 -25	6,800	7.5%	5.4%	Team sports (e.g. football), combat sports and weight training
3 - Fitness Class Friend	Chloe	18 - 25	4,500	5.0%	4.7%	Exercise classes, individual activities, team games, swimming and gym
4 - Supportive Single	Leanne	18 -25	5,200	5.8%	4.3%	Social activities, swimming and keep fit classes
5 - Career Focused Female	Helena	26 - 35	5,500	6.0%	4.5%	Very active, keep fit and gym related activities, winter sports and swimming and likely to have private gym membership
6 - Settling Down Male	Tim*	26 - 35	9,100	10.1%	8.8%	Very active, technical sports, skiing, water sports, team games, individual activities, personal fitness and likely to have private gym membership
7 - Stay at Home Mums	Alison	36 - 45	4,000	4.4%	4.4%	Keep fit classes, racquet sports, swimming and likely to have private gym membership
8 - Middle England Mum	Jackie	36 -45	3,200	3.6%	4.9%	Visiting leisure facilities for swimming and may take children bowling or ice skating
9 - Pub League	Kev	36 -45	3,500	3.9%	5.9%	Team sports, football, combat sports, low intensity social activities (e.g. darts)
10 - Stretched Single Mum	Paula	26 -35	2,700	3.0%	3.7%	Social activities, 10 pin bowling and low intensity
11 - Comfortable Mid Life Male	Philip*	46 - 55	7,400	8.1%	8.6%	Team sports, racquet sports, technical sports, fitness club member and competitive sports
12 - Empty Nest Career Ladies	Elaine*	46 - 55	6,100	6.8%	6.1%	Swimming, exercise classes, gym and walking
13 - Early Retirement Couples	Roger & Joy*	56 - 65	6,800	7.5%	6.8%	Walking, swimming, table tennis, golf and keep fit classes.

Segment	Name	Age band	Cheltenham Population	Cheltenham %	England %	Preferred Activities
14 – Older Working Female	Brenda	46 -55	2,600	2.9%	4.9%	Swimming, walking, keep fit and cycling
15 – Local Old Boy	Terry	56 -65	2,400	2.7%	3.7%	Low intensity, walking, fishing, darts and pool
16 – Later life Woman	Norma	56 -65	1,500	1.7%	2.1%	Walking and low intensity activities
17 – Comfortable Retired Couples	Ralph & Phyllis	65+	4,700	5.2%	4.2%	Swimming, fishing, golf, lower intensity and bowls
18 – Twilight Year Man	Frank*	66+	3,100	3.5%	4.0%	Individual and peer activities, walking, bowls, golf, darts, pool, swimming
19 – Retirement Home Single	Elsie & Arnold*	66+	6,500	7.2%	8.0%	Low intensity, bowls, walking and dancing

2.17 The following colour codes have been used in the table:

	% of the population is higher than the national average for that group
	Group that has a higher proportion of the population within the Borough

2.18 It can be seen that the prevalent segments in the Borough are 2, 6, 11, 12, 13 and 19. These groups preferred activities include; gym membership, personal fitness, weight training, exercise classes, swimming, walking and bowls.

2.19 One of the key issues in this segmentation analysis is that in terms of the main income drivers for sport and leisure facilities, which are health and fitness memberships and swimming. Segments 3, 4, 5, 6, 7, 12 and possibly 14 are more likely to utilise gym and exercise facilities, however these are not all prevalent segments within the Borough, with the exception of Tim (segment 6) whose preference is private gym membership and Elaine (segment 12). However, these segments are all represented in the Borough at percentages above the national average (with the exception of 7 which is in line with the national average). This is positive for the potential for gym and exercise usage within Cheltenham.

2.20 In terms of swimming segments 3, 4, 5, 7, 8, 12, 13, 14, 17 and 18 state that this is a preferred activity but the segments 3, 4, 5, 7, 8, 12, are more likely to use the pools as a secondary facility alongside their gym membership or exercise classes. Therefore 13, 14, 17 and 18 are likely to use the pools as a primary visit, and only 13 is a prevalent segment in the Borough although 17 is represented by an above average percentage of the population compared to the national average.

Catchment Area Demographic Analysis

2.21 Different leisure facility types have different catchment areas, for example people may travel further to use a ten-pin bowling facility than they would to a swimming pool. This is considered further in later sections when we examine the potential for new facilities to be added to leisure@cheltenham.

2.22 For the purposes of this analysis, we have been supplied with a Mosaic analysis of the 10 minute drivetime catchment area around the site. Mosaic classifies the population, using very small geographical areas such as a single postcode, into 61 different types, which are in turn aggregated into 11 broader groups.

2.23 Over 400 different data variables have been used in its creation, making it the most accurate and up to date way of identifying and describing population trends within the UK population. It is sourced both from the regular Census and also from other dynamic sources such as the Electoral Roll, consumer credit activity, the Post Office Address File, house prices and council tax information, all updated annually.

2.24 In 2009 there was estimated to be 128,210 people living within a 10 minute drivetime of the facility. The three predominant groups within this area were Professional Rewarders (10%), Suburban Mindsets (13%) and Liberal Opinions (20%).

2.25 Professional Rewards contains executive and managerial classes who have worked diligently to build up a comfortable lifestyle and a significant financial asset base. Most are married and living in a spacious family home with children, many of whom are by now at university or finding their feet in successful careers of their own. They seek value for money rather than the lowest prices and will pay a premium for brands with a reputation for reliability. Golf, tennis, badminton and using cardio-vascular machines are popular leisure activities when compared to the national average.

2.26 Suburban Mindsets are mostly married people of middle age, living together with their children in family houses. They are typically middle class and skilled working class families looking for a comfortable house in which to bring up a family. As consumers these people are among the most likely to purchase mainstream brands and to shop at nationally known retail chains. Ten-pin bowling and weight training are popular leisure activities when compared to the national average.

2.27 Liberal Opinions is the largest group by some distance. These are young, professional people who have benefited from a university education (with high numbers of under and post graduates particularly in Cheltenham). A key characteristic of this group is the tendency to postpone establishing permanent partnerships and having children. This results in a very high proportion of young, childless, single people. They visit the cinema and the theatre and attend museums, exhibitions and public lectures. People travel frequently on foreign holidays and are over-represented among those that enjoy extreme physical activities. Popular leisure activities when compared to the national average include squash, extreme sports, martial arts, weight training, running and yoga.

2.28 Alpha Territory (wealthy and influential people), Active Retirement (people aged over 65 whose children have grown up), Careers and Kids (young couple whose focus is their children) and New Homemakers (young, single people living homes built in the last 5 years) were the other groups where the proportion present in the catchment area is above the national average.

Sport England Key Performance Indicators

2.29 Sport England, the Governments agency for sport measure 6 key areas in relation to sport activity. The table below sets out the performance of the Borough compared to the South West and England.

Table 2.3 Comparison with Sport England KPI

	Cheltenham	South West	England
KPI1 - 3x30 Physical Activity per week	27.9%	23.3%	22.0%
KPI2 - Volunteering at least one hour a week	2.8%	5.3%	4.7%
KPI3 - Club Membership in the last 4 weeks	29.4%	23.9%	24.1%
KPI4 - Received tuition / coaching in last 12 months	24.7%	18.7%	17.5%
KPI5 - Took part in organised competition in last 12 months	16.5%	15.7%	14.4%
KPI6 - Satisfaction with local provision	75.3%	71.9%	68.4%

Above regional and national averages	Above national average but not regional average	Below regional and national averages

2.30 It can be seen that under KPI 1 participation (measured at 3 x 30 minutes per week) is significantly above both the South West and England at 27.9% compared to 23.3% for the South East and 22.0% for England. Club membership, coaching, competitive sports and satisfaction with local provision are all significantly above the regional and national averages which is extremely positive. The only indicator below regional (5.2%) and national (4.7%) averages is volunteering which is significantly below at 2.8%.

2.31 In terms of trends between 2006 and 2009 the table overleaf shows these for each of the six key performance indicators, the colours (green above and red below) represent the change from the previous year, with green indicating a positive increase and red a decrease in performance.

Table 2.4 Trends for Cheltenham in Sport England KPI

Indicator	2005/06	2007/08	2008/09	2009/10
KPI1 - 3x30 Physical Activity per week observed	22.6%	Note 1	Note 1	27.9%
KPI2 - Volunteering at least one hour a week	4.7%	5.6%	4.5%	2.8%
KPI3 – Club Membership in the last 4 weeks	30.4%	25.2%	32.6%	29.4%
KPI4 – Received tuition / coaching in last 12 months	19.9%	19.8%	21.2%	24.7%
KPI5 - Took part in organised competition in last 12 months	16.9%	16.0%	17.9%	16.5%
KPI6 - Satisfaction with local provision	72.3%	70.3%	75.1%	75.3%

Note 1 – this is measured in 2005-6 and 2008-10.

2.32 It can be seen that in 2009/10 (the last published measured year) participation, coaching and satisfaction increased from the previously published year. Indeed, coaching and satisfaction with local provision have both increased over the last two years of surveys.

2.33 Volunteering, club membership and taking part in organised competition all decreased in 2009/10 compared to the previous year, although club membership and organised competition had both experienced significant increases in 2008/09 and despite falling back somewhat, are both still above 2007/08 levels. The main concern is volunteering which decreased in both 2008/09 and 2009/10 and is now 50% of the level it was in 2007/08 (5.6%).

TGI Report

2.34 A report provided by the Council from the Leisure Database Company sets out an analysis of the 20 minute catchment area by choice and preference of leisure activities, which includes an index that identifies where the propensity to participate is greater or lower than the national average, for example an index of 100 suggests that the propensity within the catchment is equal to the national average. The top 10 of these sports are set out in the table below.

Table 2.5 Propensity to participate in sports within the 20 minute catchment area

Sport	Population in catchment	Population %	Index
Swimming	58,023	26.98	104
Cycling	35,307	16.41	95
Football (Association)	20,509	9.53	94

Sport	Population in catchment	Population %	Index
Golf	20,250	9.41	113
Badminton	17,527	8.15	106
Darts	15,695	7.30	95
Snooker	14,995	6.97	102
Fishing	13,592	6.32	91
Tennis	11,278	5.24	93
Chess	11,014	5.12	91

2.35 The table demonstrates that there swimming, cycling and football are the highest sporting activities that are participated in, within the 20 minute catchment of Cheltenham, with swimming, golf, badminton and snooker being higher than the national average.

2.36 In terms of activities, rather than sport, that the population take part in, the table below sets out the top 10.

Table 2.6 Propensity to participate in leisure activities within the 20 minute catchment area

Activity	Population in catchment	Population %	Index
National Lottery	127,479	59.27	99
Aerobics/keep fit	35,086	16.31	103
Ten-pin bowling	32,796	15.25	106
Placing a bet	29,143	13.55	106
Camping	27,205	12.65	120
Weight training	24,649	11.46	115
Bingo (in a club)	13,773	6.40	91
Yoga	11,515	5.35	90
Football pools	11,215	5.21	102
Climbing/Mountaineering	10,705	4.98	126

2.37 It can be seen that in terms of “sport and leisure” type activities aerobics, ten pin bowling, weight training and climbing all appear in the top 10 with these being above the national average and may provide some further opportunities for the current facility, especially as the 10 pin bowling facility has closed in Cheltenham in recent years.

Approved Housing Developments

2.38 There are a number of housing developments that are currently approved are being considered which we do not believe has been taken into account in the current projections and may have possible implications for projected demand for sports and leisure facilities:

- Land at Hudson Street and Manser Street – planning application 09/01495/FUL - situated 1.8 miles from the leisure centre (5 minute drive); and

- Midwinter Allotments, Gardiners Lane – planning application 11/00266/FUL - the development appears to be to land adjacent to the rear of the athletics track, with accessibility to the leisure centre by car and foot. We estimate that the development is circa 500 metres from the leisure centre site.

2.39 We have received the following information from the Planning Department at the Council with regard to the projected number of residents and dwellings.

Table 2.7 Approved Housing Developments

Site	Dwellings	Estimated Residents
Land at Hudson Street and Manser Street	48	100
Midwinter Allotments, Gardiners Lane	176 (including 70 affordable homes)	350
Total	**224**	**450**

2.40 It is difficult to establish the level of demand that the projected additional residents in the Borough are likely to generate in terms of usage of the sports and leisure facility. Assuming a 10% penetration rate this would increase users by circa 45 which assuming 1.5 visits per week, results in an additional 3,375 visits per annum.

Impact from the Closure of Hardwick Campus Sports Facilities

2.41 The University current has four sites within Cheltenham, but we understand that the university is selling the Pittville Campus site and relocating the arts faculty to the Hardwick Campus. The university will then have 3 sites in Cheltenham which will be the Park Campus which is circa 2 miles away, the Francis Close Hall site (500 metres) and the Hardwick site which will accommodate the new arts faculty (500 metres).

2.42 Previously the Hardwick site accommodated the university sport and leisure facilities, which included a gym, dance studios, a swimming pool and sports hall and these will be closed which provides a unique opportunity for the leisure centre to absorb the student users of the Pittville facilities.

2.43 The university offers a range of subjects, and these include a number of sports related under graduate courses including coaching and sports development, sports biomedicine, sport and exercise sciences, sport rehabilitation and injury prevention, health and fitness and sports coaching.

2.44 The Council has sought to provide sports accommodation for the University in terms of sports hall, gym and pool space. We understand that the Council is negotiating with the University whereby the Sports Faculty wishes to use 11 hours per week of the sports hall (270 hours over 24 weeks) between September and April to deliver teacher training and also provide physical education lessons to 2 local primary schools. Their sports teams also wish to use 16.5 hours of sports hall space per week, **thus providing a total of 27.5 hours per week of additional usage**.

Student Leisure Card for University Students

2.45 We understand from the Council that they have entered into a three year arrangement with the University of Gloucester for the payment of concession card for off peak usage of the leisure facility, which will be paid by the University and offered free to their students as part of a new student package to attract students to the University.

2.46 It is anticipated that there will be circa 8,700 of these allocated to students living in the Cheltenham Campuses which will increase demand for pool water, gym and the sports hall on a pay and play basis. The cost of the concession card (which is £5.80) will be paid by the University for all students regardless whether they use the facility or not. The scheme, will start in September 2011 will be reviewed after three years.

2.47 Given that there are an estimated 8,700 students, this will generate circa £39,870 per annum net of VAT direct from the University plus the income from charges to use the activities. Given the spare capacity at off peak times, this is a great opportunity to improve utilisation of activity areas and generating additional income to the business.

2.48 Although we do not have any data on the level of current demand or usage for the Hardwick sports facilities that are closing, assuming 10% use the facility an average of 1.5 times per week over the 38 weeks of term time, this would generate an average of circa 50,000 visits per annum, and at £1.50 per visit, this would generate £75,000 per annum as a minimum, in addition to the value of the concession cards purchased by the University for all their 8,700 students.

Cheltenham Football Club

2.49 We understand that the Council has recently negotiated a deal with the Club to allow free access to the leisure centre in return for access to the Club’s database of 3,000 to 5,000 members with free programming space and advertising. We see this as a positive move by the Council, but we believe that it will have a positive impact on the net revenue position of the business, although prudently we have assumed that any additional demand can be absorbed by the current under-utilisation of facilities and may generate circa £11,250 per annum (3,000 members x 2.5% penetration x 50 weeks x £3.00) but this figure could be higher.

What does this mean for Cheltenham?

A review of national data would suggest the following:

- There are high numbers of those aged 20-34 in the Borough that are projected to increase significantly which is positive for activities such as health and fitness although the numbers of 10-19 years olds is projected to decrease significantly which is a concern for activities such as ten-pin bowling
- The health of the Borough is very good with high levels of participation and low levels of obesity which is very positive for the potential for interest in new leisure facilities
- Market segmentation shows that the preferred activities for the largest segment groups within the Borough are gym membership, personal fitness, weight training, exercise classes, swimming, walking and bowls. The segmentation analysis looks positive for health and fitness and exercise class activities although not so positive for swimming
- The ten minute drivetime catchment area is also positive for leisure related activities with a relatively affluent population and a high number of students and post graduates who favour health and fitness related activities
- The Borough performs particularly well in terms of the six Sport England KPI’s (with the exception of volunteering levels) and scores above average when compared to regional and national averages. Encouragingly, satisfaction with local provision and levels of participation are very high. The trends for these indicators are mixed although this could be attributable to big increases in 2008/09 which reduced slightly in 2009/10
- TGI propensity to participate statistics for a 20 minute drivetime from the site show climbing, weight training, swimming, aerobics and ten pin bowling as popular activities that the population are likely to participate in above national average levels. There may be opportunities for the current leisure centre to consider other uses for its space including ten pin blowing and climbing, subject to local competition
- Housing developments and the closure of University sports facilities will increase demand for sports and leisure activities at the leisure centre, especially during off peak times, increasing utilisation of the facilities within the gym, sports hall and pools.

3. Current Performance

Introduction

3.1 This section sets out the financial and operating performance against a series of national benchmarks. The purpose of this analysis is to ensure that any new investment proposals include the most suitable facility mix, and where improvements can be made to the income and expenditure areas of the business, to finance any future investment proposals.

Financial summary

3.2 In 2010/11, the current business has an operating turnover of £1.470 million and delivered a net operating loss of £639,064. This is a circa £235,000 improvement on the net operating cost in 2009/10. It should be noted that these figures do not include asset rental charges and central costs.

3.3 We have set out a summary of the operating position for 2010/11 in the table below.

Table 3.1 Summary of the profit and loss account

	2009/10 £'000	2010/11 £'000	2011/12 Budget £'000
Health & Fitness	-551,278	-590,943	-589,800
Aquatics Swimming	-335,058	-339,412	-351,100
Aquatics Coaching	-187,200	-226,731	-229,700
Retail	-32,916	-37,005	-35,400
Dry Activity	-243,323	-275,582	-279,700
Total Income	**-1,349,775**	**-1,469,673**	**-1,485,700**
Employee	1,240,045	1,141,851	1,186,800
Premises	727,866	724,421	774,300
Transport	2,845	2,236	4,600
Supplies	296,184	240,229	239,500
Total Expenditure	**2,266,940**	**2,108,737**	**2,205,200**
Net Profit/(loss)	**873,684**	**639,064**	**719,500**

3.4 It can be seen that this table suggests the business is budgeted to make an increased operating loss of circa £720,000 in 2011/12, with income increasing by only circa 1% but expenditure increasing by circa 4.5% (mainly as a result in increases in staffing costs and premises costs, particularly utilities and NNDR).

Benchmarking analysis

3.5 In order to establish the future operating position prior to the investment proposals, we have looked at the current performance of the facility and measured performance through a number of key benchmarks from our in-house operations database and from national data, to see whether the current facility mix is suitable.

3.6 The table below summaries the benchmark comparisons of the current business (using 2010/11 actual performance figures) and assumes:

- a gross internal floor area of 5,590m2;
- 80 health and fitness pieces of equipment;
- 8 court sports hall;
- pool water is 797m2; and
- number of visits is 688,282.

Table 3.2 Benchmarking analysis

	leisure@cheltenham	Benchmark
Income per m2*	264.62	£200
Income per visit	£2.14	£2.50
Visits per m2*	107	62.00
Income from Health and Fitness (per station)	£7,387	£7500+
Income from Sports Hall (per court)	£18,772	£15,000+
Income from Swimming per m2	£706	£600
Secondary spend per visit	£0.05	£0.15
Marketing as % of income	2.6%	3%
Utility Costs per User	£0.57	£0.55
Utility Costs per m2	£48.12	£20-£25k
Gas Consumption per m2	859 kwh	671 kwh
Electricity Consumption per m2	144 kwh	240 kwh
Maintenance costs per m2	£16.37	£15-£18

	leisure@cheltenham	Benchmark
Staffing Costs as % of income	78%	65%
Secondary Spend Gross Margin	61.4%	60%

*provided by Council directly.

3.7 It can be seen that the business is performing variably when compared to national benchmarks for leisure facilities. Some areas are performing in excess of benchmark parameters, such as swimming, with others performing below benchmark levels. Overall, the performance is fair for an in-house operation as none of the indicators fall significantly below benchmark levels (which are produced from data for leisure facilities operated on an in-house, Trust and private contractor basis).

3.8 In terms of health and fitness, it shows that the facility is operating just below the benchmark level of £7,500 per station which is a good performance for an in-house operation. Based upon the number of members (1,400), the facility actually needs a 70 station gym (when applying an industry average of 20 members per station) resulting in income per station of £8,442 per station which is above the benchmark target. This demonstrates that the current gym is under-utilised by its current membership base as there is room for at least another 200 members (i.e. 80 stations x 20 members per station).

3.9 The 8 court sports hall is returning circa £18,772 per court (sports hall hire and 50% of children's activities and 75% of dry activities) which is towards the upper end of benchmark target of £15,000 to £20,000 per court). This assumes that the sports hall hire income relates to the main 8 court hall and not the cricket hall.

3.10 In terms of the 5 court sized cricket hall, this generates income of circa £30,000 per annum, mainly from hire for cricket purposes, but we understand that it is used for other sporting purposes, and may also take into account children activities and some dry side activities. It is important to note that the income per m2 generated from this space is circa £40m2 which may require further consideration when compared to alternative uses for this space. The other difficultly is that this facility is not directly accessible from the main site and is accessed from a separate entrance.

3.11 Swimming income measured per m2 of pool water is positive at £706, particularly considering the fact that the facility offers children free swimming (which we understand is circa 47,000 swims per annum) and has a large amount of water space which makes high performance in this indicator difficult. For example, the diving pit probably does not generate a large amount of income but is a significant water space.

3.12 Whilst we have included dance studio income with the health and fitness total income, analysed separately this produced £94,258 of income in 2010/11. This is an extremely positive performance and 45 classes per week is a relatively high number. We have not examined utilisation rates but it appears likely from these figures that there is high demand for exercise classes in this location and reflects the output of the TGI report.

3.13 Secondary spend per visit on retail is £0.05. This is in line with the performance we would expect to see for retail with a combined secondary spend benchmark of £0.15 - £0.20 per visit, but the leisure@cheltenham performance reflects the externalisation of the café service, and if £0.05 represents sales of goods and equipment this is on benchmark.

3.14 In terms of expenditure, staffing costs appear high against private sector benchmarks when compared to income at 80%. The private sector would have a target of 65% although it can be noted that the Association for Public Service Excellence (APSE) benchmarks suggest staffing costs in local authority operated facilities are over 100% of income. This may be down to the cost of staff in the public sector when compared to other management arrangements.

3.15 Catering margins are positive at 1.4% above the benchmark performance we would expect to see (circa 60%).

3.16 Utility costs are substantially higher than the benchmark at £48.12 per m2 compared to £20 - £25 per m2. Analysis of the consumption would suggest that gas is significantly higher than benchmark, at 859 kwh per m2 compared to 671 kwh m2 with electricity usage much lower at 144 kwh m2 compared to 240 kwh m2.

3.17 We understand that the site utilises a CHP which we understand reduces the cost but not consumption of electricity. In terms of gas consumption the data suggests that this may be overstated in December 2010 from the norm as a result of the extreme cold weather experienced in the UK in that month.

3.18 In terms of maintenance, we have included the budget provision for repairs and maintenance and also service contracts resulting in a total provision of £91,500 which based upon a GIFA of 5,990 provides a cost per m2 of £16.37 per m2 which sits within the mid-point of the benchmark range.

3.19 Marketing is marginally lower than benchmark at circa 2.6% of income. This should typically be around the 3% to continue to drive revenue generation.

What does this mean for Cheltenham?

A review of current performance of the facility indicates:

- The current facility is budgeted for a £719,500 surplus an increase of circa £80,000 more than previous year which is caused by increased utility costs and staff costs
- Income per visit is low, but offset against substantially increased usage
- Income from health and fitness is at £7,387 which is marginally below benchmark and relates to spare capacity within the gym as the calculation uses 80 stations which is more than is required for the number of current members
- Income per sports hall court is strong at £18,000 per court and indicates positive demand for this facility
- Utility costs are very high at almost double the benchmark and appears to relate partially to consumption but mainly linked to price and needs to be reviewed
- Maintenance costs are within the benchmark figure which is expected for the age of the facility
- Staffing costs appear marginally higher than benchmark at 78% compared to 65% as a target, but in local authorities this can be at 100% of income and may be linked to terms and conditions rather than the number of staff employed.

4. Facility Review

4.1 As part of this work, we have visited the site to understand the opportunities that the facility may have in terms of improving the net operating position through investment. This section sets out our general observations and areas which we believe could be considered as part of a redevelopment package to enhance the facilities and increase footfall to the site.

External Area

4.2 To the front of the building there is a large car park, but the signage to the facility is poor and management should seek to work with the highways department to increase signage to the facility.

4.3 The large façade of the building should be used to advertise with some form of banners the activities and promotions that are available within the site. The entrance is poor, and does not have a sense of arrival. It could be compared to a hospital entrance, with double sliding doors that have opaque glass, so you cannot see in.

Reception Area

4.4 The reception area is small but adequate on our visit, but the glass partitions on the reception desk appear like banks used to or a Council Tax office, and is not conducive with a modern service desk, which should be open and accessible to users.

4.5 There are barriers to access the facility which is positive with a separate entrance and exit, both controlled. The retail element is small but has a good range of goods for re-sale.

4.6 The signage throughout the facility is very good with maps indicating where you are now, and where the different range of facilities are located.

Sports Hall

4.7 The sports hall accommodates 8 badminton courts (1,221m2) and is of a modern design and appears to be compliant with Sport England requirements. There is a seated viewing gallery on the first floor, above the storage facilities and also a window viewing gallery in the atrium first floor. In view of the size of the sports hall, it lends itself to providing space for alternative users but this would be subject to unmet demand, performance and utilisation of the space.

Current Performance

4.8 In terms of current performance, Section 3 sets out income being achieved from the facility at £150,000 or the equivalent of £18,750 per badminton court. The benchmark target is between £15,000 and £20,000 per court, so the current facility is marginally under the higher end of the target. Assuming that a further £50,000 is generated from the University per annum, this would provide income per court of £25,000 per court which would probably start to make the facility hit its utilisation capacity, taking into account comfort levels.

Sport England FPM

4.9 We have received the Facility Planning Model from Sport England on Sports Halls. In summary the report suggests that:

- The supply of courts is 45 with demand for 35 courts leaving a net surplus of 12 courts
- 95% of demand is met although 5% is not met (the equivalent of 1.64 courts) and this is due to accessibility (living outside the catchment area) with the majority of these users not having access to a car
- In terms of relative share, the population of Cheltenham have more courts per capita than the national average.

Additional Demand from University and Housing

4.10 Section 2 suggests that the Council has worked hard at filling the off peak usage of the sports hall, which takes advantage of the fact that the University has closed its sports facilities both in terms of educational purposes and opening up the facility for students to use the sports hall, and reflects the forward thinking management approach to the business.

4.11 On this basis, the facility is likely to generate £200,000 per annum from the sports hall, the equivalent of circa £25,000 per court, and should be retained.

Gym

4.12 The gym is currently situated on two floors and can be found at the end of a very long uninspiring corridor, passing the changing areas and the dance studio. It currently has 80 gym stations and a free weights area, but the facility is dark and lacks a brand, and is difficult to see from outside the building, which we see as important to drive and maintain memberships.

4.13 Our view is that it would be better placed on one floor and ideally this would require the ground floor gym to be extended into the existing dance studio. This would also allow for expansion of the gym if required due to increased demand arising from the University and housing developments from the current 80 stations.

Dance Studio

4.14 The studio is a large, bright and modern facility which feels a great place to work out. We would like to see the gym facility have a similar quality and feel to it. Nothing needs to be done with this studio, unless the gym relocation is undertaken. If this is the case, it will need to be relocated to the first floor where the gym is.

Stadium Site

4.15 The stadium is self-contained and situated on the other side of the road opposite the leisure centre, and consists of a running track, football/rugby pitch in the centre, some tiered seating and a club house, which includes a specialist personal training company. Adjacent to the stadium is a training pitch, which will be protected when the new housing development proceeds at Gardeners Lane. The whole facility is leased to the Rugby Club at a cost of £1,000 per annum with the Club meeting the cost of utilities and national non-domestic rates.

4.16 Although we are not qualified valuers, the value of the lease appears to be a lot greater than £1,000 per annum, but this may be a full repairing and insuring lease, but even then it appears low. The training pitch is ideal for the development of a 3G or 4G artificial pitch, and consideration should be given to whether an all-weather pitch should be provided and importantly the types of user it will attract, thus determining the surface type used.

Cricket Hall

4.17 The cricket hall is the equivalent to a 5 badminton court sports hall and must be circa 750m2 in size. It is located in a separate building to the main leisure facility, although immediately adjacent to the leisure centre, but has a separate entrance. It appeared not to have any services including toilets and changing areas.

4.18 In terms of financial performance, we estimate that the level of income is £30,000 per annum, the equivalent of £6,000 per court or £40 per m2. An average sports hall should be generating a minimum of £100 per m2. We understand that the cricket hall is primarily used for cricket practice and is popular with users as this is a unique facility.

4.19 This facility does have the opportunity to be considered for alternative purposes, but the issue will be how and if it needs to be connected to the main site, as it sits behind the pool hall spectator seating. Any new facility type will need to include toilets and probably some form of catering facility.

Café and Atrium

4.20 As you walk past the turning for the swimming pool (which is on the left) you enter a large expanse of double heighted space, with sweeping stairs taking you to the first floor atrium immediately to the front and to the right, the long corridor to the gym facility. Past the stair case, there is a large café and seating area. The café has a basic offer of cold and hot food, and also caters for parties.

4.21 The atrium on the first floor looks into the sports hall, and provides access to a meeting room at the back of the building and to a hairdressing shop (open a couple of days a week). This space is empty and is available for development and consideration should be given to the current café area as this could be relocated to the start of the swimming zone, which is a large expanse of space.

Multi-Purpose Room

4.22 Behind the café area, there is a multi-purpose room, which appears to be well used but could be available for investment as part of the redevelopment of the café/atrium space if required.

Swimming Zone

4.23 The swimming facilities are excellent with a teaching pool, diving pit and a main pool with spectator seating. The changing facilities are also very clean and modern. The jewel in the crown is the training pool, which is separate from the main pool hall and has a private club feel with lighting and dark blue tiles.

4.24 The entrance to the swimming zone has a large seating area and also the main vending facilities within the site. There is also a wide seated corridor that takes you down to the pool hall and the large spectator seating area.

4.25 There may be an opportunity of relocating the café to this area, which would provide the opportunity to free up the existing café area for development, but it may also bring the café into direct access to all users of the facility, whereas at the moment a swimmer could use the facility and not use the café, although they may use the vending.

Health Suite

4.26 The current health suite consists of a large area adjacent to the wet changing area and includes a sauna, steam room and large jacuzzi in the centre of the room. There are a number of plastic chairs and loungers, but it has a feeling of low value, compared to the more modern spa facilities that are being constructed. It currently generates income of £35,000 per annum, which we assume is pay and play and excludes health and fitness members that use the facility. This would assume 100 visits per week from pay and play or 5,385 users per annum at £6.50 (which includes a swim).

4.27 Investment into the facility with a range of different heat and ice treatments could possibly increase the number of users and a judgement will need to be made as to whether a number of treatment rooms should be added, which is common with modern spa facilities, although we understand that there is already a beauty salon on site, and they have expressed a wish to remain away from the health suite area. This facility has the potential for upgrading.

Squash

4.28 There are currently 5 courts generating £6,220 per court which is low, and we would suggest that this should be circa £10,000 a court. However, given the number of courts, this may dilute the income per court. These facilities should provide 300m2 of developable space, if squash was lost but may impeach on the meeting room above.

What does this mean for Cheltenham?

The space available for potential investment appears to be as follows:

- Reconfiguration of the gym and dance studio space to improve the health and fitness offer and provide room for expansion as required
- Relocation of the café to the swimming zone entrance to provide a developable area within the café and atrium area to the rear of the café area
- Remove the squash courts which provides an area for redevelopment of circa 300m2
- Redevelop the Cricket Hall and create circa 750m2 of developable space but consideration required for access and services
- Despite a surplus of sports halls in the borough, the financial performance and future projected demand would suggest that the existing facility should be retained
- The spa area appears tired and has the opportunity to be upgraded, but this will be dependent upon what can be achieved from the space, and if commercially investment will generate a positive return.
- There appears to be an opportunity to review the value of the lease for the stadium which appears low which has the potential to increase net revenue from the site
- The training pitch used by the Rugby Club is a suitable location for an artificial pitch but the type of material used for the surface will be important to the different types of end user (e.g. hockey, football and rugby).

5. Health and Fitness

Introduction

5.1 This section considers the financial impact of an enhancement to the existing health and fitness facilities at the site. The current gym facility accommodates 80 stations plus there is a dedicated exercise studio for dance classes.

Latent Demand

5.2 Demand for health and fitness has been determined from information provided by The Leisure Database Company (TLDC). For the purposes of health and fitness, TLDC have estimated a 10 minute drivetime as a realistic catchment area for the site. This drivetime covers the whole of Cheltenham.

5.3 Health and fitness uses catchment areas to establish the likely potential users of a particular site. This can also depend upon the quality and the pricing of the facilities. TLDC have used a 10 minute drive time to establish the likely user penetration (or propensity to participate) for health and fitness using the Mosaic, which is the world's most widely used geo-demographic population segmentation system.

5.4 TLDC has combined the Mosaic System with the postcodes of millions of health & fitness members to build up the largest ever profile of what sort of people are – and are not – participating in fitness. This helps to demonstrate where there has been a relatively high take up for fitness (i.e. a high proportion of a particular Mosaic group or type) or where only a small proportion of inhabitants of a particular kind have participated, usually for social or economic reasons. These are the penetration rates for the various Mosaic groups / types.

5.5 TLDC proceeds to use these current levels of participation across the various Mosaic groups and types – 'penetration rates' – to make accurate assessments of the unmet ('latent') demand for health & fitness in a given catchment area, building in allowance for current and future competition, and, where relevant, new housing development. Those Mosaic types with the highest penetration rates are said to be the kind of people with the 'highest propensity' to participate.

5.6 The table below summaries the projected latent demand for health and fitness within a 10 minute drivetime of the facility, provided by TLDC.

Table 5.1 Latent demand for health and fitness

Population	leisure@cheltenham Projection
Total demand for health and fitness	2,319
Adjustment for those outside catchment	258
Adjustment for excessive competition / decay	-800
Total	**1,777**

Population	leisure@cheltenham Projection
Less: Current members	1,400
Latent Demand (members)	**377**

5.7 The supply/demand model multiplies the population figures for the 10 minute drivetime catchment area, by Mosaic type, to a series of penetration rates based on the figures being achieved, all things being equal, by comparable sites, with due weighting made for sector (public/ private), likely price point and regional factors.

5.8 The 128,210 population within the catchment gives rise to a demand of 2,319 people. An allowance is then made for members to travel from outside the 10 minute drivetime radius and also some negative allowance for decay. This results in a total demand for health and fitness of 1,777 people.

5.9 Taking into account the current membership figure of 1,400, this leaves a latent (i.e. unmet) demand of 377 which is how many more members the centre could potentially achieve. Assuming the industry average of 20 members per station, this would suggest demand for 89 stations, of which the current facility has 80 stations, leaving an additional requirement for a further 9 stations.

Impact of University Students

5.10 As stated in Section 2, the closure of the currents sports facilities at Hardwicke Campus is likely to increase the usage at the sports and leisure centre. Whilst the Council is entering into an arrangement with the University in so far as students will be given a concession card to use off peak pay and play activities, we would also predict that some students will wish to take out memberships at the facility.

5.11 Of the 8,700 students, we have applied a prudent estimate that 2% will wish to join as members (considering standard penetration rates are 10%) taking into account that others will only use the pay and play off-peak discount card. This equates to an additional 217 members, generating an additional 16,275 visits per annum.

Impact of Housing Developments

5.12 There are two sites currently being developed in the area, generating an increase in residents of 450. Assuming a penetration rate for health and fitness of 10% (national average), this is likely to increase memberships by 45, generating 3,375 visits per annum.

Impact of Football Club Agreement

5.13 The agreement with the Football Club will not generate additional income directly as the club are not being charged. We have assumed that the access to the club's database of members will help the centre to fill the latent demand of 377 discussed in paragraph 5.9 rather than attract an additional number of new members over and above this level as the majority of the people on the list will be local residents who are aware of the centre already and are included within the latent demand calculation.

5.14 We have also assumed that the free use of the centre for the club as part of the agreement will generate an additional number of users equivalent to 40 members (on the assumption that the senior playing squad and also senior academy players use the health and fitness suite as part of their training on a regular basis). This does not generate any additional income but needs to be considered when considering the size of health and fitness suite required in the future.

Revised Demand

5.15 The projections of total demand for health and fitness of 1,777 members need to be considered against the additional demand from the University use, students, the football club and new housing developments. Taking these into consideration, this could easily generate demand exceeding 2,000 members which could technically still be accommodated within the current 80 stations (25 members per station) however would more realistically require the health and fitness facility to be reconfigured and increased to 100 stations (20 members per station). This would ensure that the facility is not over-crowded, has room for further growth in member numbers and would aid retention of members through the improved offering.

Reconfiguration of the Gym

5.16 A review of the current facility would indicate that the facility is situated on two floors, and although improvements have been made, the quality of the finish and lighting could be improved. The split facility can also be difficult to manage or engage with customers, enhancing their experience.

5.17 Ideally, the facility should be brighter (natural light), branded with a quality feel about it and located on the front of the building, so people can see activity taking place as they pass the site. We would recommend that the gym is located on the ground floor but extended out into the existing dance studio, with the studio relocated on the first floor where the first floor gym is. This will provide great improvements to the offer, increasing demand and reducing attrition rates.

Marginal Impact on Net Operational Income

5.18 The table below sets out the projected marginal demand and net income arising from the latent demand and additional requirements from the University, students and also housing developments.

Table 5.2 Marginal Net Income

Users	Numbers	Income (excl. VAT) £
Latent demand	377 at £34.00 Direct Debit	128,180
Housing developments	45 at £34.00 Direct Debit	15,300
Students (2.5% of 8,700)	217 at £32.50 Direct Debit	70,525
Football Club Agreement	40 at no charge	0

Users	Numbers	Income (excl. VAT) £
Total	**679 additional members**	**214,005**
Less: 1 Gym Instructor covering all opening hours	£8.70 per hour plus 15% on-costs.	-46,823
Less: Marketing Costs	3% of income	-6,420
Net Marginal Income		**160,763**

5.19 Taking into account the latent demand of 377 people, students etc. we estimate that the net income after VAT on sales of memberships would be circa £161,000 per annum. This assumes that one additional fitness instructor is required for the gym during all opening hours, although this may be excessive, depending upon the current number of existing gym staff. This income excludes any usage from pay and play usage in the gym or dance classes.

6. Synthetic Turf Pitch

Introduction

6.1 As part of the facility review, FMG were asked to consider the options for a new STP at the site adjacent to the Prince of Wales Stadium. The current facility has a sports pitch in the centre of the athletics track and another pitch which is used for rugby training and forms part of the lease to the Rugby Club for the stadium and buildings.

6.2 Looking at the site, this has the potential to facilitate the provision of a new STP, although we note that it will be adjacent to a new housing development, which may be difficult to obtain planning for, given the noise and the lighting issues that arise with these types of development.

Latent Demand

6.3 In order to establish the demand for STP we have used three approaches to cross check demand and the number of full size pitches that are required in a catchment by using:

- Sport England - Active Places Power database – facilities per 1,000 population
- the Sport England Sports Facility Calculator
- Sport England latest Facility Planning Model (provided by the Council)

Supply

6.4 In terms of supply we have used the Sport England Active Places database to identify the number of pitches, their user type, playing surface, whether they are floodlit and their size within the Borough and also outside of the Borough but within a 20 minute drivetime (highlighted in green). The table below sets out information from the database.

Table 6.1 Synthetic Turf Pitches within 20 minute drivetime

Facility	Distance	User Type	Type	Floodlit	Size m2
CHRIST COLLEGE	0.78 miles	club use	sandbased	Yes	7700
CLC SPORTS CENTRE	0.97 miles	club use	sandbased	No	6820
CHRIST COLLEGE (HOWELL ROAD SITE)	1.26 miles	club use	sandbased	Yes	6600
PATES GRAMMAR SCHOOL	1.56 miles	club use	sandbased	No	6000
CHELTENHAM COLLEGE	1.67 miles	club use	sandbased	Yes	6000
DEAN CLOSE SCHOOL (2 pitches)	1.71 miles	club use	waterbased	Yes	12,000 (6000x2)
CHELTENHAM BOURNSIDE SCHOOL AND SIXTH FORM COLLEGE	1.96 miles	pay and play	sandbased	Yes	7280

Facility	Distance	User Type	Type	Floodlit	Size m2
ST EDWARDS SENIOR SCHOOL	2.04 miles	club use	sandbased	No	6060
BALCARRAS SCHOOL	2.66 miles	pay and play	sandbased	Yes	7700
IMJIN BARRACKS	5.26 miles	club use	sandbased	Yes	5005
TEWKESBURY SPORTS CENTRE	6.16 miles	pay and play	sandbased	Yes	6000
BROCKWORTH SPORTS CENTRE	6.4 miles	pay and play	sandbased	Yes	7700
UNIVERSITY OF GLOUCESTERSHIRE (OXSTALLS CAMPUS)	6.72 miles	club use	sandbased	Yes	6000
OXSTALLS INDOOR TENNIS CENTRE	6.95 miles	pay and play	sandbased	Yes	6798
ST PETERS ROMAN CATHOLIC HIGH SCHOOL	9.12 miles	club use	sandbased	Yes	7700

6.5 It can be seen that we have identified ten full size pitches within the Borough (one of the sites, Dean Close School, has two full-sized pitches), seven of which have floodlights. It should be noted that all nine sites are dual-use facilities located on school sites. Also, seven of these nine facilities are actually defined by the database as being accessible only through a sports club/community association and not pay and play usage.

6.6 Outside of the Borough but within a 20 minute drivetime are a further six full-sized facilities (all floodlit), three of which are classified as pay and play access by the database (the pitch at Brockworth Sports Centre is brand new in 2011). Just outside the 20 minute drivetime is the only 3G rubbercrumb pitch, a brand new facility at Winchcombe School.

Demand

6.7 The Sport England Sports Facility Calculator states that based upon the Cheltenham Borough population of 114,500 people there should be demand for 3.91 full size pitches.

6.8 The Sport England Active Places Power website suggests that the national average for STPs per 1,000 population is 0.04 pitches and the regional average for the south west is 0.05 pitches per 1,000 population. In comparison, Cheltenham has 0.11 pitches per 1,000 population which is more than 2.5 times the national average.

6.9 Analysing this by pitch type shows that Cheltenham does not have any rubbercrumb pitches within the Borough and only one within a 20 minute drivetime. National and regional averages are 0.01 pitches per 1,000 population which equates to a need for 1 rubbercrumb pitch in the Borough to bring Cheltenham in-line with the national and regional averages. This suggests that a rubbercrumb pitch that caters primarily for football and rugby may be the preferred surface if the Council does wish to progress this option.

6.10 The limited data received relating to the Sport England FPM indicates that the current facility is operating at 81% and which the exception of Pates Grammar School and St Edwards Senior School, are all STP facilities in the borough are operating at over 80% capacity.

Summary

6.11 In summary, the Sport England Facility Planning Model suggests that the demand for this type of facility would be high, taking into account the current utilisation of existing and other competing facilities. It also confirms that all STP are sand or water based with none being 3G surfaces.

6.12 When comparing the provision per 1,000 population it can be seen that the Borough has a significant number of sand-based pitches compared to regional and national averages but no 3G rubbercrumb pitches within the Borough or a 20 minute drivetime. It appears from the provision per 1,000 population statistics that one 3G pitch is required within the Borough so it is therefore recommended that any pitch developed should be a 3G pitch.

6.13 A 3G pitch would mainly provide for football but could also accommodate rugby training. Hockey appears to be well catered for already within the catchment area. From an internet search we could only locate two astroturf 5 a side football leagues within the Borough / catchment area (Winchcombe School also has one).

6.14 Considering both leagues are played on a sand-based pitch which are less favoured by footballers and there is no major commercial provider such as Goals / Powerleague in the Borough, there should be a positive market for 5 a side football and also hire for matches / training by football clubs (rugby clubs would use it for training only).

6.15 An alternative option would be to approach a commercial operator such as Goals or Powerleague to develop a commercial 5 a side facility on the site as the population of the catchment area seems to be just about large enough. However, whilst this is worthy of consideration, it has not been identified as the preferred option in this report because it limits the activities that can be played to 5 a side football whereas a full sized 3G STP that can be sub-divided into 5 a side pitches when required is more flexible for different community uses.

Marginal Impact on Income

6.16 A business plan has been prepared for the development of a full-sized floodlit 3G rubber crumb synthetic turf pitch which can be sub-divided into three 6 a side football pitches when required.

Key assumptions

6.17 It has been assumed that the facility will be open from 8am until 10pm (planning issues permitting). Peak hours are 6pm to 10pm, Monday to Friday.

6.18 The total estimated size of the pitch is 6,600 square metres.

6.19 A range of prices have been set for the hire of the pitch with the top price being £60.00 including VAT, for an adult club to hire the whole pitch for an hour at peak time.

6.20 A programme has been devised taking into account regular usage by schools, adult teams, junior team and regular 5 a side leagues during the week. Coaching for children at weekends and in school holidays plus bi-monthly weekend half day 6 a side tournaments have also been included within the programme.

6.21 We have applied utilisation rates as a mechanism for determining the amount of hours that the pitch is booked, reflecting differences between peak and off-peak times.

6.22 Further details are set-out in Appendix A.

Total Visits per Annum

6.23 The table sets out the number of visits per annum.

Table 6.2 Visits per annum

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Visits	59,433	62,735	66,037	66,037	66,037

Income and Expenditure Projections

6.24 The table below sets out a breakdown of income in the first five years.

Table 6.3 Analysis of income and expenditure

	Year 1	Year 2	Year 3	Year 4	Year 5
Synthetic Turf Pitch	125,933	132,929	139,925	139,925	139,925
Secondary	2,529	2,670	2,810	2,810	2,810
Total Income	**128,462**	**135,598**	**142,735**	**142,735**	**142,735**
Salaries and Wages	30,152	30,152	30,152	30,152	30,152
Utilities	33,000	33,000	33,000	33,000	33,000
Repairs and Maintenance	13,200	13,200	13,200	13,200	13,200
Grounds Maintenance	6,600	6,600	6,600	6,600	6,600
Marketing	8,854	4,068	4,282	4,282	4,282
Cost of Sales - Secondary Income	986	1,041	1,096	1,096	1,096
Total Expenditure	**92,792**	**88,061**	**88,330**	**88,330**	**88,330**
Net Operating Surplus	**35,669**	**47,537**	**54,405**	**54,405**	**54,405**

Income

6.25 The main source of income is an adult 6 a side football league running two nights a week, Tuesdays and Thursdays. This generates £36,000 per annum of net income based on each team paying £25 per game (which is in line with the cost of other leagues in the area). Adult teams hiring the pitch on the other weekday evening's accounts for the remaining peak time hours and generates £28,080 of net income.

6.26 Off-peak hours are taken up by schools using the pitch during the day in term time which generates £28,500 of net income per year and adult team weekend hires (£14,880) and junior pitch hires at the weekend and early evening (£17,040).

6.27 Secondary spend is included at £0.05 per user (the current level being generated).

Expenditure

6.28 The model calculates the annual cost of staffing for the STP element of the facility, taking into account the opening hours of the facility. It includes the annual salary plus on-costs. If this can be accommodated within existing resources, then this will increase the net operating surplus. We have assumed the following:

- An extra leisure assistant role to oversee booking of pitches, cleaning, organisation of leagues etc (1 FTE)
- 3 football coordinators employed for 12 weeks a year to run school holiday football courses and weekend kids coaching
- Referees to cover the twice a week 5 a side football leagues and bi-monthly weekend tournaments.

Marketing costs

6.29 We have provided an initial marketing budget as part of the product launch of £5,000 and a modest annual provision of 3% of income, reflecting the local nature of the facility and that advertising will largely be incorporated into existing marketing collateral.

Premises Costs

6.30 We have assumed there will be some additional costs associated with utilities, repairs and maintenance and grounds maintenance but no allocation has been made for lifecycle costs at this stage.

6.31 Cost of sales on secondary spend has been included at 39% which is the current cost of sales at the site.

6.32 It has been assumed that the Council can recover 100% of VAT on its expenditure under its special Section 33 arrangements.

Net Marginal Income

6.33 The table below sets out the level of cash surplus before debt financing for the STP taking into account the assumptions above. Although the Council receives a rent from the Rugby Club for the stadium and training pitch, we have assumed the marginal impact on the level of rent in relation to the training pitch is insignificant and therefore the displaced income is zero.

Table 6.4 Net Marginal Income

	Year 1	Year 2	Year 3	Year 4	Year 5
Net marginal income	35,669	47,537	54,405	54,405	54,405

7. Ten Pin Bowling

Ten Pin Bowling

7.1 The development of a ten pin bowling business plan is based upon information provided by the most recent Mintel Leisure Intelligence Report July 2010 on Ten Pin Bowling, local demographics and other research data.

Supply

7.2 The catchment used to establish demand for ten pin bowling is usually based upon a 20 minute drive time. The base metrics applying to demand within a catchment are the types of social groups and the supply, measured in the number of lanes within the same catchment area.

7.3 The table below sets out the locations of the local competitor tenpin bowling venues within the catchment area. The table also displays the names of the sites, distance in miles and time from the both sites, and the number of lanes in each centre.

Table 7.1 Local competition and provision snapshot

Name	No of Lanes	Cheltenham Miles	Cheltenham Minutes
Gloucester Tenpin Bowling	26	7.1 miles	14 mins
Stroud Bowl	16	15 miles	32 mins

7.4 The nearest site to leisure@cheltenham is a 14 minute drive to Gloucester. There are no other facilities within the catchment area although the next nearest site has been identified, Stroud Bowl in Stroud which is a 32 minute drive away. These are both purpose built tenpin bowling centres which are likely to attract serious bowlers, but users from Cheltenham would have to use these larger facilities when combined with a day or evening out in these major towns or destinations.

7.5 Our review identified that there was a site in Cheltenham called Cotswold Bowl which had 24 lanes and more than 10 leagues but this closed in 2010.

Demand

7.6 The key characteristic of the catchment population in relation to ten pin bowling is identified in the table overleaf.

Table 7.2 Population characteristics

Key Drivers	Key characteristics for leisure@cheltenham
Age The less than 15 age group is a key target group for bowling centres and the birthday/ event products. The 15 to 34 demographic represents a key target area for bowling. The 35 – 44 age group has a positive leaning towards bowling where the economic status is high and they have children.	The under 15 age population is estimated at 18,400 which is circa 16% of the Borough's population. The population groups within the 15 – 34 ages represent circa 34,300 people of which the 15 – 19 age group is lower in percentage terms than the national average but the 20-24 age groups are significantly above the national average in percentage terms (this data excludes university students which would increase this number further still). The 35 – 44 group represents circa 15,100 people. As discussed in Section 2, the economic status of the Borough is generally positive but the number of families with dependent children is slightly below the national average. Market Segments 8 (Jackie) and 10 (Paula), who are more likely to take their children bowling, are a lower proportion of the population than the national average.
Gender Tenpin bowling is identified as one of the few leisure activities were there is almost equal levels of participation between genders.	The male/ female split is 49% and 51% respectively which is similar to the national position.
Health A population with a high level of good health suggests an active population which is most likely to participate in active leisure offerings.	As discussed in Section 2, the health of the population is generally positive with above average life expectancy, low deprivation and low levels of obesity.
Economic The ABC1 group are strong participants where they have dependants. The C2 group are more likely to attend bowling (apart from families with children) and are likely to incur increased secondary spend than other groups, although the C2 group are hardest hit during a recession.	There were 139,265 of the population (80%) that were within the ABC1 groups in the 2001 census. The C2 social economic group was below the national average with 5.8% (10,102) compared to 7.5% nationally.

7.7 The demographics of the Borough discussed above are positive with significant numbers of people who would be likely to take part in ten pin bowling. This is supported by the findings of the ten minute drivetime analysis in section two which found that there are significant numbers of 'suburban mindsets' within the centre's immediate catchment area, a group who have a propensity to take part in ten pin bowling.

7.8 Widening this to the 20 minute drivetime would increase these numbers, with only one competing facility in the catchment area in Gloucester. The analysis of the TGI report contained in Section 2 suggested that three was an above average propensity to participate in ten pin bowling within this 20 minute catchment area which suggests that the area could sustain more than one ten pin bowling alley.

7.9 An analysis of lane numbers in relation to population density and prosperity indicates that a catchment volume of at least 120,000 is required for larger bowling models to be viable. Across the UK, the ratio of people to lanes is, on average, 1 lane per 10,600 people. However, smaller, locally focused venues have been shown to work with as little as 2,500 per lane.

7.10 Based on the 20 minute drivetime catchment area population of 185,370 (taken from Active Places Power which uses the 2001 census data), using one lane per 10,500 would suggest a demand for circa 18 lanes. As Table 6.1 illustrates, there are currently 26 lanes in Gloucester. However, this does not cater for the whole catchment area as this facility is circa 14 minutes drivetime away and would draw much of its users from Gloucester.

7.11 Analysing the 10 minute catchment area which has a population of circa 128,000 results in a need for 12 lanes. Considering the population of the catchment and the high propensity to participate in ten pin bowling identified by the TGI report in Section 2, it is likely that there is demand for a facility in Cheltenham but that a smaller, community venue would be more appropriate. Applying a 25% reduction factor to take account of the people who would prefer to drive 14 minutes to Gloucester to use a larger facility results in a need for a maximum of 8 lanes in Cheltenham.

7.12 This takes account of the areas of the catchment area that are not within a 20 minute drivetime of Gloucester Tenpin Bowling. We also believe that many of the people who live in Cheltenham who have a propensity to take part in bowling would rather use a local facility than drive circa 14 minutes to reach Gloucester. This is particularly important when considering the major age demographics that use this type of facility are children / teenagers who can't drive and rely on their parents / public transport to get to a facility, making locality a key factor, as long as the facility is of a sufficiently high quality.

Business Plan

Key assumptions

7.13 A business plan has been prepared on the basis that the site will not be too adversely affected by its main competition in Gloucester. Its purpose is to identify the net operating surplus, and has been prepared using a range of parameters and assumptions, which are set out below.

Opening Hours

7.14 These types of facilities have low usage in the mornings, unless the local authority has an arrangement with a school or elderly clubs. In order to calculate the staffing costs and marginal utility costs, we have assumed that the venue will be operational during the following operating hours set out in the table below (current centre opening hours set out in brackets).

Table 7.3 Opening hours

	Opening Hours
Monday to Friday	10am - 10pm *(6am - 10pm / 9.30pm on Fridays)*
Saturday	9am to 10pm *(8am to 6pm)*
Sunday	10am to 8pm *(8am to 8pm)*
Total per week	**83 hours** *(91.5 hours)*

7.15 We would recommend that the facility is open on Saturday evening, unlike at present.

Pricing

7.16 For the purpose of modeling, we have assumed a standard hourly rate will be charged, as is common in similar facilities, for peak and off peak use. It may be that the Council will seek to charge per game, with different prices for adults and children or offer discounts to clubs, schools etc. We have sought to provide an aggregate price per hour taking this information into account.

7.17 The table below sets out the pricing per lane for an hour at peak and off peak times, and we have assumed that you can play 1.5 games per hour. Price per person/game is on average £3.88 peak and £3.00 off peak (split adult/child 50:50). We have assumed that on average over the year 3.5 people play in peak times per lane and 2.5 people play at off peak times.

Table 7.4 Pricing

	Peak	Off Peak
Adult per game	£4.25	£3.50
Child per game	£3.50	£2.50

Utilisation Rates

7.18 We have applied utilisation rates as a mechanism for determining the number of hours lanes are booked during the peak and off peak times.

7.19 These also take into account the movement in demand each month, reflecting the school holidays and seasonal variations. We have assumed an aggregate utilisation rate for peak time of 82% and off peak 11% over the year, based upon our experience of these types of facilities.

7.20 The utilisation rate also reflects the likely bias towards family users who are less likely to use the facility later in the evenings. The usage levels applied exclude party bookings which are calculated separately.

Total Visits per Annum

7.21 The table sets out the number of visits per annum. Further details of visits at peak and off peak per annum are shown in Appendix B.

Table 7.5 Visits per annum

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Visits	29,108	30,640	29,108	27,576	27,576

Income projections

7.22 The key sources of income are bowling sales, birthday parties and catering services. The table below sets out a breakdown of income in the first five years are shown in the table below.

Table 7.6 Analysis of income

	Year 1	Year 2	Year 3	Year 4	Year 5
Bowling sales	134,929	142,030	134,929	127,827	127,827
Catering	49,483	52,087	49,483	46,879	46,879
Party Income	19,380	19,380	19,380	19,380	19,380
Total income	**203,792**	**213,498**	**203,792**	**194,086**	**194,086**

Bowling income

7.23 We expect that the bowling business will mature in a very short timescale taking into account that a well-established sport and leisure facility exists on the site. Income will be supported by the opportunity to cross sell to/from the other facilities on the site, however this has not been included in the model.

7.24 In terms of income from bowling users alone, in a mature year (Year 4) we anticipate that 66% of income will be generated from ten pin bowling and the remainder from secondary spend in the café (24%) and children's parties (10%).

Catering

7.25 The most significant income source from this model is that from catering. The bowling is less likely to achieve the numbers projected without catering provision.

7.26 We have assumed that the bowling will share the café/bar area with the rest of the leisure centre and the café will be located close to the bowling facility. We have included the costs and income anticipated to be generated from the bowling facility.

7.27 We have assumed that the average spend per head, per visit for bowling users is £2.00 including VAT, and a cost of goods sold of 39% of sales (as per the current costs of sales for the facility), the equivalent of a gross profit percentage of 61% for staff costs and profit. This assumes a 'coffee shop' type cafeteria is provided and may be increased if the facility had a beverage license. Again, this excludes party bookings, which is shown separately.

Party income

7.28 We have included a conservative number of birthday parties with a seasonal variation, costed at £9.50 per head including catering and a party host. The application of a minimum number of places booked guarantees a level of income, therefore we have suggested this is set at 12.

7.29 It is likely that this position would be improved on with larger numbers attending parties. The income from parties is shown gross but will need to take into account the casual staffing (equivalent of £7.50 per hour) and catering costs £1.75 per head net of VAT).

Expenditure

7.30 The table below sets out the operating cost, excluding interest, tax, depreciation and adjustments in a mature year (year 3) and covers staffing costs, marketing, premises costs and equipment servicing.

Table 7.7 Summary of expenditure

	Year 1	Year 2	Year 3	Year 4	Year 5
Staffing costs	-82,310	-82,310	-82,310	-82,310	-82,310
Marketing	-9,048	-4,261	-4,048	-3,835	-3,835
Premises costs	-6,000	-6,000	-6,000	-6,000	-6,000
Maintenance	-5,000	-5,000	-5,000	-5,000	-5,000
Other	-5,000	-5,000	-5,000	-5,000	-5,000
Total expenditure	**-107,358**	**-102,571**	**-102,358**	**-102,144**	**-102,144**

Cost of goods sold

7.31 We have included the cost of catering supplies at 39% of sales (net of VAT) for the main catering business, and £1.75 per head for party meals (net of VAT). The cost of goods sold totals circa £27,567 per annum (Year 4 onwards).

Staffing costs

7.32 The model calculates the annual cost of staffing for the bowling element of the facility, taking into account the opening hours of the facility and a separate café operation. It includes the annual salary plus on-costs. It may be that the recreational assistant posts can be accommodated from within existing posts and the 2.1 FTE for café staff may be absorbed in the overall cost of a café, which will service the whole facility.

7.33 We have assumed the following:

- a new supervisor role to take responsibility for the business (1 FTE)
- recreation assistants will cover the operation of the bowling facility (2.1 FTE)
- catering staff (2.1 FTE)
- casual party supervisors (204 hours per annum)

Marketing costs

7.34 We have provided an initial marketing budget as part of the product launch of £5,000 and a modest annual provision of 3% of income, reflecting the local nature of the facility and that advertising will largely be incorporated into existing marketing collateral.

Premises Costs

7.35 We have assumed there will be some additional costs associated with utilities but no additional provision is made for cleaning, building repairs or lifecycle costs as we have assumed that it is covered within the existing operation.

Equipment maintenance

7.36 We have assumed a £5,000 annual provision for servicing and maintenance which is likely to fall under the contractual arrangements with the equipment provider.

Other costs

7.37 We have included a general provision for postage, stationery etc at £100 per week (£5,000 per annum). Secondary services, for example maintenance will be met from existing site resources.

Net Marginal Income

7.38 The table below sets out the level of cash surplus before debt financing for the operation taking into account the assumptions above before adjusting for displaced income. We are not clear as to the location of this facility and therefore assumed there is no displaced income at this stage.

Table 7.8 Cash surplus

	Year 1	Year 2	Year 3	Year 4	Year 5
Net operating cash	77,136	90,613	82,136	73,659	73,659

8. Soft Play

Soft Play

8.1 A soft play area is designed to encourage health and fitness in children, and promote physical activity. Every soft adventure play area is used to accommodate the natural development of children through play incorporating running, bouncing, rolling, climbing, interactivity, special awareness, scrambling, swinging, sliding crawling etc. These facilities can be used by toddlers to young children, depending upon the design of the facility and equipment.

8.2 The state of the market is poor with a number of facilities having closed in recent years and there may be good reason for this, including the quality of the offer, better products offered by competitors, lack of cash for investment, location, market saturation or limited demand.

8.3 Understanding the demographic in the catchment and designing suitable facilities is key to their success, with income generated from pay and play use, parties and secondary spend in the café or from vending.

8.4 The use of local authority leisure facilities provides the operator with a stronger cash position and marginal profitability on the basis that most of the premises costs are already included within the net cost of the service, rather than private sector operators entering the market need to meet all the premises costs, and pay a lease to a landlord for the site.

8.5 Buildings accommodating these types of facilities are normally measured in m2 or ft2 and normally include the soft play areas, café area and party rooms and as a rough guide the areas are split into 33%/33%/33%. Each of these areas is important to drive overall revenues as they complement the offer of the other elements.

8.6 Without one of these elements, it would be expected that revenue will be reduced from other elements. As a rough metric the size of a facility compared to number of children is in the ratio of 1 child required 4m2 of building space, so a 278m2 facility could accommodate 72 children at any one time.

Supply

8.7 The table below provides an overview of soft play competition within a 20 minute drivetime of leisure@cheltenham and also identifies the nearest facilities beyond the catchment area (highlighted in green).

Table 8.1 Soft play facilities within catchment area and beyond

Site	leisure@cheltenham Distance	leisure@cheltenham Drive Time (Minutes)
The Play Farm, Cheltenham	0.9 miles	3 mins
Play Zone, Tewkesbury	8.7 miles	15 mins
Riverside Sports Club, Gloucester	9.3 miles	17 mins
Dick Whittington Family Leisure Park	17.5 miles	20 mins
Wackywarehouse, Evesham	15 miles	27 mins
Evesham leisure centre	15.1 miles	27 mins
Magicland, Cirencester	19.2 miles	36 mins
Go Bananas, Stroud	20 miles	32 mins
Pershore Leisure Centre	23.7 miles	37 mins
Madhatters Family Play Centre, Worcester	24.4 miles	32 mins
Play Zone, Worcester	24.8 miles	31 mins
Worcester Children's Indoor Play	26.2 miles	34 mins

8.8 Research suggests that there is already a fairly large soft play facility called the Play Farm in the Brewery Leisure and Retail Park which is 3 minutes away from leisure@cheltenham. This accommodates parties of up to 35 children and was booked on enquiry for the next 7 weekends (although weekdays are relatively available), indicating that it is a popular facility.

8.9 The Play Zone in Tewkesbury is a soft play facility attached to a pub / restaurant so is not a direct competitor for the sort of soft play area that would be developed at leisure@cheltenham.

8.10 The soft play area at the Riverside Sports Club in Gloucester is aimed at children aged 4 – 8 years and contains a ball pond, slides and obstacles. It is open on Monday's, Wednesday's and Friday's from 4.30-6.30pm, and on weekends from 9.30-11.30am. It also runs alongside the centre's fitness class timetable and is free to members (£3 for non-members), clearly indicating that it is aimed at members dropping their kids off whilst using the gym / fitness classes rather than as a standalone attraction.

8.11 The Dick Whittington Family Leisure Park is a wildlife and farm based park with an indoor and outdoor playcentre suitable for toddlers to ten year olds. The indoor adventure zone includes soft play, ball pits and trampolines. The outdoor activities include a giant sandpit, pedal zone, animals, picnic area together with hilltop walks. This appears to be a largescale attraction that is looking to attract families for days out rather than parents and children for a shorter period of time.

8.12 Outside of the 20 minute drivetime, the Play Zone in Worcester and the Wackywarehouse in Evesham are soft play facilities attached to pub / restaurants and the facilities at Evesham and Pershore Leisure Centres are temporary facilities that are erected in sports halls when required for parties etc. Magicland, Go Bananas and the two other facilities in Worcester all appear to be dedicated largescale indoor soft play facilities although all are more than a 30 minute drive away.

Demand

8.13 Some of the metrics used to establish demand include number of children within the catchment, the social economic and demographic profile of the catchment and the child population as a percentage of all population within a catchment population. Data from The Active Places Power identifies the population profile within a 20 minute drivetime of leisure@cheltenham.

Table 8.2 Child Population in 20 Minute Drivetime Catchment Area

Age Profile	Catchment Area
0 – 9 years	21,053
10 – 14 years	11,904
Total Children	32,957
Total in Catchment	185,370

8.14 It can be seen that there are circa 21,053 children within the leisure@cheltenham 20 minute drive time catchment area that are under 10 years of age. Whilst there are another 11,904 aged between 10 and 14 years of age, we have taken a prudent approach and not factored these into the calculation of demand as once children reach the teenage years they generally outgrow soft play facilities (12 is usually the maximum age for entry).

8.15 There are not any known market penetration rates for this type of activity, although there is a principle that bigger is best. We have seen demand in business plans for private sector soft play facilities expressed at average number of visits per child per year ranging between 3.25 and 3.8 per annum.

8.16 In Cheltenham, taking the 21,053 children and using a multiplier of 3.25 this generates potential market demand of 68,422 visits per annum or 1,316 visits per week.

8.17 The existing facility, the Play Farm, is open for 56 hours per week and has a maximum capacity of 35 children at any one time with each child being allowed to stay for a maximum of 2 hours. If we assume that the average visit is for a duration of 1.5 hours (taking into account that parties last for 2 hours but casual visits are likely to be shorter in duration as children get bored), it results in a maximum throughput of 1,307 visits per week.

8.18 It is clear from calling the facility that they are full at weekends but can accommodate parties during the week at relatively short notice so we have assumed a 100% utilisation rate at the weekends and a 20% utilisation rate during weekdays. This results in 373 visits at weekends and 187 visits on weekdays giving a total of circa 560 visits per week and a balance of 747 visits per week for leisure@cheltenham to exploit.

8.19 Taking into account similar utilisation rates, the projected number of weekly visits and the m2 requirement per child of 4m2 there would be a requirement for a facility which is 188m2 size, excluding party rooms and café.

Summary

8.20 There appears to be one primary operator in Cheltenham which is 5 minutes away, with at least a 15 minute drivetime to get to the next nearest facility and the nearest serious competitor being the Dick Whittington Family Leisure park which is circa 20 minutes away.

8.21 There appears to be demand for an additional circa 747 visits per week and it is possible that a soft play at leisure@cheltenham would also take existing customers from the Play Farm as the centre offers complementary facilities for children such as the swimming pool that the Play Farm cannot offer. The key question would be the size of soft play facility and whether it could be physically accommodated within the centre.

Business Plan

8.22 We have developed a business plan on the basis of a standard 278m2 facility which will include a large soft play area of 92m2, two party rooms and a large seating area with café facility, although the café may be duplicated if provided elsewhere on site. The financial implications of this facility are summarised in the table below. The full business plan is contained within Appendix C.

Table 8.3 Summary of income and expenditure

All £	Year 1	Year 2	Year 3	Year 4	Year 5
Door Income - Adult	5,139	5,396	5,666	5,949	5,949
Door Income - Child	61,667	64,750	67,988	71,387	71,387
Party Income	35,100	36,855	38,698	40,633	40,633
Catering Income	20,473	21,497	22,572	23,700	23,700
Total Income	**122,379**	**128,498**	**134,923**	**141,669**	**141,669**
Less: Direct Costs	-84,500	-85,659	-86,877	-88,156	-88,156
Less: Operating Costs	-22,770	-18,076	-18,397	-18,735	-18,735
Net Profit before Debt	**15,109**	**24,762**	**29,648**	**34,778**	**34,778**

8.23 It can be seen that the soft play projections indicate that the operation will make a net surplus of £15,109 in Year 1 and by Year 4 will generate a surplus of circa £34,778 per annum. We have excluded the cost of debt financing of the building works and equipment from the business plan.

Opening Hours

8.24 The facility will open for a total of 54 hours per week from 10am to 6pm, Monday to Saturday and 10am to 4pm on Sundays.

Pricing

8.25 The pricing used in calculating these income streams are shown in the table below.

Table 8.4 Summary of prices

	£
Child	4.00
Adult	1.00
Party per Child (Minimum of 10 in party)	7.50

8.26 All prices are including VAT and are approximately in line with, but slightly below, the majority of charges at the nearest competition, the Play Farm in Cheltenham (although it does have a greater range of pricing).

Income Projections

8.27 Income will be provided from casual use through pay and play, which represents 54.6% of total income, party income (28.7%) and catering income which is 16.7% of total income. It is anticipated that the facility will generate circa £122,379 in Year 1 rising to £141,669 in a full operating year, although these could be increased by changes to pricing or increasing market share. We have assumed that adults will pay an entrance fee and the ratio of children to adults is 3.

Visits per Annum

8.28 The table below sets out the projected number of visits per annum that are expected and which are linked to the level of income within the business plan.

Table 8.5 Visits per annum

	Year 1	Year 2	Year 3	Year 4	Year 5
Adults	6,167	6,475	6,799	7,139	7,139
Children	18,500	19,425	20,396	21,416	21,416
Parties (Children)	4,680	4,914	5,160	5,418	5,418
Total	**29,347**	**30,814**	**32,355**	**33,972**	**33,972**

8.29 As established previously there are circa 747 visits per week of latent demand in the Borough, equating to 109 per day and 39,458 per year (based on a 362 day year). In a mature year, this facility is attracting 26,834 visits per annum (figure excluding parents).

Staffing Costs

8.30 The staffing costs totalling £61,305 include basic salaries and wages plus on employers on costs and holiday cover. It assumes a FTE of 3.8 staff, including café, recreational assistants and a supervisor. Some of this staffing provision may already be provided for within the existing facility. We have also included provision for party hosts separately.

Marketing

8.31 We have included marketing at £5,000 in Year 1 plus an annual provision of 5% of income to drive revenues.

Premises Costs

8.32 A general provision of £1,651 per annum has been included for premises costs, including utility costs and cleaning although maintenance and NNDR costs are assumed to be met from existing budgets.

Equipment Maintenance

8.33 A small provision has been included at £1,500 per annum to finance the specialist maintenance contract for the new equipment.

Administrative Costs

8.34 A general provision has also been included for general admin costs of the whole business including banking charges and insurances etc totalling circa £10,000 per year, but some of these costs could be absorbed within the existing budgets, especially the insurance which is £8,000 per annum.

Net Marginal Income

8.35 The table below shows the net operating surplus from the soft play facility, excluding any debt financing costs or depreciation. This could be improved where savings in expenditure can be made in administration costs, insurances etc which are duplicated within the base financial budget for the site and could increase the net revenue position by circa £10,000 per annum, and likewise some of the staffing costs included (£61,305) may be met from existing resources or from the cost of a café located within the centre. This could see a net revenue position of £50,000 plus.

8.36 At this time, we are unclear on its exact proposed location, and therefore no provision has been made for displaced income.

Table 8.6 Net Marginal Income

All £	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Surplus	15,109	24,762	29,648	34,778	34,778

9. Spa Facility

Spa facilities

9.1 The current facility has a health suite which includes a Jacuzzi, steam room and sauna facility. It is a reasonably sized facility and had previously accommodated a number of tanning booths, which have now gone.

9.2 The current facility generates circa £35,000 per annum and at £6.50 per visit from casual users, this generates circa 5,300 visits per annum or on average 100 visits per week and 15 per day. There are also DD members who use this facility as part of their monthly package, however we do not have any usage figures for this facility.

9.3 The facility does appear to need updating and the site could benefit from an up market spa facility with treatment rooms, and some additional heat and ice experiences.

9.4 Experience suggests from other sites that such a facility offer generates net income of £15,000 to £20,000 per annum for a similar type of facility, albeit that the level of usage is higher, but the usage fee is lower.

9.5 We also understand that the Council has sought to speak with the current beauty salon which is located elsewhere on the site, and they have expressed no interest in re-locating to the health suite area of the building.

9.6 On that basis, and given that income of £35,000 plus DD membership income is being generated from the facility, unless a full scale spa facility was considered (which would require some specialist input), we do not think that any marginal changes to the layout or refresh of the internal decoration would generate any substantial increase in net income.

10. Climbing Activities

Climbing Activities

10.1 We have also examined the opportunity for an indoor climbing facility to be developed at leisure@cheltenham. Within our definition of climbing facilities we have included climbing walls, caving facilities and bouldering rooms.

10.2 Climbing walls can be incorporated within sports halls without disturbing the existing use or added as functional design features if space allows within facilities. Largescale climbing facilities and caving / bouldering rooms require the conversion of a sports hall or several smaller rooms into a dedicated climbing facility.

10.3 There are however some new additional designs which provide interesting climbing adventures which are currently entering the market, and are more attractive to the younger market, and possibly students, with the younger people supporting party income.

Competition

10.4 High quality climbing / caving / bouldering facilities can be rare and so users will travel for longer distances to access one. We have used a maximum drivetime of 45 minutes to identify the competition in the area for this facility type and summarised the results in the table below.

Table 10.1 Competing Climbing Facilities

Name	Distance	Drivetime
The Warehouse, Gloucester	10.1 miles	20 mins
Evesham Leisure Centre	15.1 miles	27 mins
Wild Rock Climbing, Northleach	16.0 miles	26 mins
Vertical Limit, Worcester	23.8 miles	32 mins
Wotton Sports Centre	31.2 miles	47 mins

10.5 The Warehouse in Gloucester has over 5 floors of purpose built climbing facilities including two main walls at 8m high and 13m high and a bouldering room. Evesham Leisure Centre has a new, 15 rope climbing wall, and Wild Rock Climbing is a purpose built indoor facility that also offers bouldering.

10.6 Further afield, Vertical Limit in Worcester is a large specialist indoor rock climbing centre and Wotton Sports Centre offers a climbing wall within its sports hall, although this is just over 45 minutes away.

10.7 Whilst there is no recognised demand model for indoor climbing facilities, it is clear from the TGI report discussed in Section 2 that the propensity to participate in climbing activities for adults in Cheltenham was very high. Indeed, it was identified as the most popular leisure activity. There is no competing facility within Cheltenham so we believe that a climbing wall would be a popular item to compliment the facility mix at the centre.

10.8 Examining the competition outside of the Borough, there are several large purpose-built climbing facilities, the Warehouse House in Gloucester, Wild Rock Climbing in Northleach and Vertical Limit in Worcester. These facilities are all within a circa 20 - 30 minute drive of Cheltenham and we believe that experienced climbers would be likely to travel to these facilities which offer numerous climbing routes, high walls and bouldering opportunities.

10.9 It is likely that a climbing wall would be successful in Cheltenham, but it would not represent value for money to dedicate a large space such as the whole cricket hall to a purpose built climbing facility because of the level of serious competition under 30 minutes away.

10.10 An attractive climbing wall that is built into the facility to double as a design feature such as in the atrium or allowing views of it onto the roadside would be the ideal solution. This would attract market share and would increase footfall in the centre without incurring large-scale capital costs in an attempt to compete with large, purpose-built facilities and taking up a large amount of space which could generate increased income per square metre through the alternative uses discussed in this report.

10.11 Our research suggests that there are no indoor caving facilities within the area, as it is a unique offering however the need to dedicate a large space / entire room to deliver such a facility combined with the limited "at one time capacity" and the inflexibility of the design the financial case for such an indoor caving facility (which is circa £1,000 per linear metre) is very limited so we have not pursued this option.

Marginal Impact on Net Operational Income

10.12 We have not prepared a business plan for the proposed climbing wall as the majority of climbing walls within local authority leisure centres are leased to commercial climbing wall operators that specialise in this market. The advantage of this approach is that the Council will not have any risk on the levels of income and expenditure generated by the climbing wall. In our experience climbing walls are better utilised under specialist operators who have a greater understanding of the programmes and marketing required to make a wall successful.

10.13 There are broadly three different models for climbing wall operators;

- a guaranteed rental stream with the operator taking all income and risk (as assumed here),
- an income share where there is no rental paid to the Council but the Council receives a percentage split of the income (with the potential to benefit the Council as the client base develops but higher risk), and
- a management fee approach where the Council keeps all income but pays the operator a guaranteed management fee (generally used in small facilities such as schools).

10.14 The Council could typically expect to receive circa £21,000 per annum in a rental payment from a commercial climbing wall operator, based on the operator projecting annual income of circa £140,000. The operator would retain all income from the wall but would also incur all expenditure such as staffing, maintenance, cleaning etc. The only cost that the Council would retain is for utilities. We have not assumed an additional cost here as this is already incorporated within the Council's existing budget for the centre.

10.15 The Council would also be likely to benefit from additional secondary spend with an estimated circa 14,500 visits per annum. Assuming a standard £0.20 spend per visit, this would generate an increase in income of £2,900 including VAT and £1,740 after taking into account the cost of goods sold.

Net Marginal Income

10.16 The table below shows the net operating surplus from the climbing wall facility, excluding any debt financing costs or depreciation. This is based on leasing the climbing wall to a commercial climbing wall operator. Alternatively the Council could operate the wall itself but is unlikely to have the expertise to generate comparable levels of income and would also incur the associated staffing, maintenance, cleaning and insurance costs.

Table 10.3 Summary of Net Marginal Income

All £	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Surplus	22,740	22,740	22,740	22,740	22,740

11. Laser Quest

Introduction

11.1 Laser Quest is a 20 minute game played by up to 30 players a time, usually in 2 teams, in a large room/rooms, where each player is given a gun with the purpose of scoring points from hitting their targets (other players). The individual or team with the most points wins the game.

11.2 The rooms that games are played in, can be dark, with lighting strobes, smoke etc and have walls and obstacles constructed within the playing environment to enhance the playing experience. The larger the playing area, the increase in the size of the teams (and revenue) that can play. It is very attractive to young people aged between 6 and 14, and the 18 – 25 age groups but is also used by corporates for team bonding and fun.

Competition

11.3 The catchment used to establish demand for Laser Quest is based upon a 20 minute drive time. The base metrics applying to demand within a catchment is mainly the demographic groups and the market supply within the catchment area.

11.4 The table below sets out the locations of the nearest competitor laser tag venues within a 30 minute drive time of leisure@cheltenham.

Table 11.1 Local competition

Name	Distance	Drivetime
Lasertag, Gloucester	10.5 miles	20 mins

Demand

11.5 The 20 minute catchment in Cheltenham has 185,370 people, of which 55,500 people are under 25 years old. Although there is no data on the propensity to participate in this activity, it tries to capture 120,000 people within a 20 minute drive and a high proportion of young people, preferably university/college students, which Cheltenham has.

11.6 Examining the number of people within the 20 minute catchment area, particularly the number of students and the level of competition, there may well be a demand for a Laser Quest type facility within Cheltenham. There is a concern that a previous facility within Cheltenham called Laser Storm shut down although we have not been able to find out any detail as to why this facility closed.

Business Plan

11.7 A business plan has been prepared and set out in Appendix D to this report. Its purpose is to identify the net operating surplus that can be achieved. We have used a number of operating parameters and assumptions, which are set out overleaf.

Opening Hours

11.8 These types of facilities have low usage in the mornings, unless the local authority has an arrangement with a school or other clubs. In order to calculate the staffing costs and marginal utility costs, we have assumed that the venue will be operational during the following hours set out in the table below.

Table 11.2 Opening hours

	Opening Hours
Monday to Friday	4pm – 10.00pm
Saturday	10am – 8pm
Sunday	10am – 8pm
Total per week	**50 hours**

11.9 We would recommend that the facility is open on Saturday and Sunday evenings until 8pm which is later than the current operation on a Saturday.

Pricing

11.10 For the purpose of the business plan, we have assumed a standard game rate will be charged, as is common in similar facilities. We estimate that one game will last 20 minutes. The Council may wish to provide different prices for adults and children or offer discounts to clubs, schools etc. However we have sought to provide a standard affordable price per game to attract the target markets of under 25's but especially the 6 to 14 age group.

11.11 The standard price per game is £3.95 including VAT and £3.29 excluding VAT. We have also assumed that this price will be used for parties, although a further £2.40 (excluding VAT) is charged for food.

Income Profiles

11.12 We have applied a standard user profile per hour/day to the model in order to determine the level of income that can be achieved from the facility. We have also assumed that each game will be 20 minutes with 5 minutes between games, providing the opportunity to undertake 2.4 games per hour.

11.13 We have assumed that the business will grow in the first three years at 50%, 75%, 90% and will achieve maturity (100%) by Year 4.

Income generation

11.14 The table below sets out the projected income for the first 5 years of operation.

Table 11.3 Summary of income

All £	Year 1	Year 2	Year 3	Year 4	Year 5
Laser Quest	94,570	141,854	170,225	189,139	179,682
Net Catering (after COGS)	17,082	25,623	30,748	34,164	32,456
Total Income	**111,652**	**167,477**	**200,973**	**223,303**	**212,138**

11.15 The table above shows that 84% of the income is generated from participants playing the game with the balance coming from catering (after adjusting for the cost of goods sold). This generates an average spend per visit after VAT of £3.89 and income per m2 of circa £1,000 due to it being a high user activity.

11.16 We have calculated catering income using £0.20p per visit, but added a premium at weekend afternoons for parties at £0.80 net of VAT and cost of goods sold.

Total Visits per Annum

11.17 The table sets out the number of projected visits per annum.

Table 11.4 Visits per annum

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Visits	28,730	43,095	51,714	57,460	54,587

11.18 This equates to an average per week of 1,105 (in a mature year) visits or an average of 157 players per day over the course of a week, bearing in mind peak times are the weekends with parties and an average number of players per game being between 10 and 20.

Party income

11.19 We have included party income within the main Laser Quest income projections but have assumed that users on Saturday and Sunday between 12pm and 6pm are mostly parties. We have assumed that the cost of a party will be the same price per person as a normal pay as you go fee, plus additional sum for food. We would suggest that parties need to be booked and have a set minimum (15 – 20) to ensure that income is optimized during these peak times.

11.20 Parties will be hosted by one member of staff, and will last for 1.75 hours, and will accommodate a 20 minute game, a 20 minute break (for another party) followed by another 20 minute game. They will have access to a party room for circa three quarters of an hour to eat their food.

Expenditure

11.21 The table below sets out the operating cost, excluding interest, tax, depreciation and adjustments in a mature year (year 3) and covers staffing costs, marketing, premises costs and equipment servicing.

Table 11.5 Summary of expenditure

	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries and Wages	-98,584	-98,584	-98,584	-98,584	-98,584
Franchise Costs	-7,200	-7,200	-7,200	-7,200	-7,200
NNDR	0	0	0	0	0
Maintenance	-2,000	-2,000	-2,000	-2,000	-2,000
Utility Costs	-4,000	-4,000	-4,000	-4,000	-4,000
Cleaning	-600	-600	-600	-600	-600
Marketing and Advertising	-13,350	-5,024	-6,029	-6,699	-6,364
Printing & photocopy	-2,500	-2,500	-2,500	-2,500	-2,500
Office supplies	-360	-360	-360	-360	-360
PRS Licence	-600	-600	-600	-600	-600
Postage	-500	-500	-500	-500	-500
Insurance	-7,800	-7,800	-7,800	-7,800	-7,800
Uniforms	-600	-600	-600	-600	-600
Total	**-138,094**	**-129,768**	**-130,773**	**-131,443**	**-131,108**

Staffing costs

11.22 The model calculates the annual cost of staffing taking into account the opening hours of the facility and the requirements of the operation. It includes the annual salary plus on-costs. It may be that the recreational assistant posts can be accommodated from within existing posts, as a result of the loss of the sports hall facility.

11.23 We have assumed the following:

- a new supervisor role to take responsibility for the business (1 FTE)
- recreation assistants will cover the operation of the facility and act as party hosts (1.6 FTE)

- a new receptionist to cover weekends to provide admin support (0.5 FTE)
- additional catering supervisor and (2.3 FTE)

Franchise Costs

11.24 The Laser Quest product is a franchise operation and as part of the contract, the Trust will be provided with support, on line booking system and maintenance. These costs are £7,200 per annum including an annual franchise fee.

Premises Costs

11.25 We have assumed there will be some additional costs associated with maintenance, utilities and cleaning but no additional provision is made for building repairs, lifecycle costs or NNDR. We have included a provision of £6,600 per annum.

Marketing Costs

11.26 We have provided an initial marketing budget as part of the product launch of £10,000 and an annual provision of 3% of income, reflecting the local nature of the facility and that advertising will largely be incorporated into existing marketing collateral.

Administration Costs

11.27 We have included a general provision for postage, stationery, insurance, uniforms etc at £12,360 per annum, although some of these costs may be met from existing budgets.

Net Marginal Income

11.28 The table below sets out the level of cash surplus before debt financing for the operation taking into account the assumptions above:

Table 11.6 Net Marginal Income

	Year 1	Year 2	Year 3	Year 4	Year 5
Net operating surplus	-26,442	37,709	70,200	91,860	81,030

11.29 It can be seen that the level of net operating surplus is between £70,000 and £90,000 per annum once the business is established. In Year 1, the business may operate at a deficit, but we have assumed that it will operate at 50% of its potential, but this is a prudent approach and will careful marketing and adjustments for insurances and other costs that can be absorbed from existing budgets, may operate at a small surplus. We have not taken into account any displaced income.

12. Financial Implications

Introduction

12.1 The purpose of this report has been to establish the value of the new investment proposals that could be considered as part of a redevelopment of leisure@cheltenham. The previous sections of the report have determined the net operating costs or surpluses each of the new proposals or opportunities before capital financing costs. A summary of the net operating position of each of the facilities is shown below.

Table 12.1 Net Operating Surplus

	Year 1	Year 2	Year 3	Year 4	Year 5
Health and Fitness	160,763	160,763	160,763	160,763	160,763
STP	35,669	47,537	54,405	54,405	54,405
Ten Pin Bowling	77,136	90,613	82,136	73,659	73,659
Soft Play	15,109	24,762	29,648	34,778	34,778
Climbing Wall	22,740	22,740	22,740	22,740	22,740
Laser Quest	-26,442	37,709	70,200	91,860	81,030

Impact of displacement

12.2 Clearly the replacement of facilities with new facilities within the same building footprint will cause the displacement of income and costs from the existing facilities and services provided. The main areas of income displacement to accommodate the larger facilities like ten pin, laser quest and soft play are likely to be the sports hall / cricket hall. At present the sports hall performs well and there appears to be increasing future demand from the agreement with the university but the cricket hall appears to offer an opportunity for development.

12.3 It can be seen that there are a number of opportunities to generate net revenue, and in some cases are reliant upon the need for a café facility near the activity. There are also some duplication in costs for example maintenance, general staffing, utility costs, some NNDR provision and other marketing and operational costs like postage, stationery etc. Once management have established the revised facility mix, a review of the whole of the site operation should be considered.

13. Summary and conclusion

Summary and conclusion

13.1 This report provides the projected financial impact of a number of new facilities being available as part of the redevelopment of leisure@cheltenham.

13.2 In order to determine the level of income and costs associated with each facility development, we have considered the local demographics of the catchment to understand the potential propensity to participate in the activities, the latent demand and local competition in the market place.

13.3 In summary this analysis shows that:

- there are high numbers of those aged 20-34 in the Borough that are projected to increase significantly which is positive for activities such as health and fitness although the numbers of 10-19 years olds is projected to decrease significantly which is a concern for activities such as ten-pin bowling

- the health of the Borough is very good with high levels of participation and low levels of obesity which is very positive for the potential for interest in new leisure facilities

- market segmentation shows that the preferred activities for the largest segment groups within the Borough are gym membership, personal fitness, weight training, exercise classes, swimming, walking and bowls. The segmentation analysis looks positive for health and fitness and exercise class activities although not so positive for swimming

- the ten minute drivetime catchment area is also positive for leisure related activities with a relatively affluent population and a high number of students and post graduates who favour health and fitness related activities

- TGI propensity to participate statistics for a 20 minute drivetime from the site show climbing, weight training, swimming, aerobics and ten pin bowling as popular activities that the population are likely to participate in above national average levels. There may be opportunities for the current leisure centre to consider other uses for its space including ten pin blowing and climbing, subject to local competition

- housing developments and the closure of University sports facilities will increase demand for sports and leisure activities at the leisure centre, especially during off peak times, increasing utilisation of the facilities within the gym, sports hall and pools.

Business Plans

13.4 A separate business plan has been prepared for each of the facility developments, using the demographics and other research data, including FMG's own operational database. Each area is projected to generate excess operating surpluses to contribute to the capital financing costs of the investment required.

13.5 As part of the report, it is acknowledged that there may be some displacement costs from the loss of current facilities or that some of the existing facilities are already generating levels of income within the overall operating budget of the site. Management will need to review each business plan and the level of displaced income and costs, once the final facility mix is agreed.

13.6 We have assumed that existing staffing may be used to support where necessary the new facilities, and we have also included a level of premises costs which we think it would be prudent to include, accepting though that some of these may be double counted. If this is the case, this will increase the projected net surpluses.

Health and Fitness

13.7 The biggest area of income is from health and fitness with the existing facility operating in line with benchmark level. There is latent demand for another 377 members at the site, plus additional usage likely from local housing developments and agreements with the university and football club, resulting in the need for a 100 station health and fitness suite.

Synthetic Turf Pitch

13.8 In terms of the STP provision in Cheltenham and the surrounding area, there are many pitches (almost exclusively located on school sites) and the Borough is well supplied when compared to regional and national averages. However, the Borough and the surrounding catchment area do not have a single 3G rubbercrumb pitch which suggests that a new 3G pitch should be developed as there are many sand-based hockey pitches in the area. It should be noted that we have not been supplied with the Sport England FPM data at this stage.

Ten Pin Bowling

13.9 Ten pin bowling does provide an opportunity to provide a different offer to all age groups, but particularly the younger people. According to the TGI report for the 20 minute drivetime around the site, ten pin bowling is the most popular leisure activity. There does not appear to be any local competition and a facility could be accommodated well into the site, especially the cricket hall, which is a stand-alone building, however, this will impact on the provision of the cricket hall and any income derived from this facility. It would also link well to Laser Tag.

Soft Play

13.10 We have reviewed soft play, and we note that there is local competition in Cheltenham, which will absorb the majority of demand. However, we believe that there is likely to be excess unmet demand within the catchment area. We have developed a business plan to accommodate a facility that will optimise demand and attain some of the market share currently taken by the Play Farm in Cheltenham.

Spa Facility

13.11 In terms of a new spa facility at leisure@cheltenham, we have analysed the performance of the existing spa facility and given that it generates income of £35,000 plus DD membership income, unless a full scale spa facility was considered (which would require some specialist input), we do not think that any marginal changes to the layout or refresh of the internal decoration would generate any substantial increase in net income.

Laser Tag

13.12 Laser Tag has the potential to change the dynamic of the facility, especially if incorporated with ten pin bowling. It would be a strong offering, particularly in light of the number of students in the town. We believe that bring these two types of facilities together would generate higher yields than we have projected however we have adopted a prudent approach. The other benefit of this type of facility is the low capital costs, and that the “box” that is used to play the game can be stripped out and used for other purposes if required at a later date.

Climbing Wall

13.13 There are no climbing walls in Cheltenham, with the nearest facility located in Gloucester. Whilst there are no recognised demand models for climbing, we believe that a climbing wall would be successful here considering the popularity of climbing according to the TGI report and the number of people within the catchment area. The business plan we have developed is based on a low risk approach of developing a standard climbing wall and asking an experienced operator to run the facility. We have not recommended a large-scale climbing facility with bouldering / caving at this stage as similar large-scale facilities are provided within Gloucester and such a facility would take up a large amount of space which we believe could better be used for some of the other facility types identified in this report.

Café Provision

13.14 As we have previously stated the facility is reliant upon the café for both secondary spend opportunities and to service party income. The current provision is large and is situated within a large area that may be better used for other activities. Wherever it is located, it needs to be accessible to all activities, and where new provision is made in the existing cricket hall, consideration needs to be made for catering service at that location.

Conclusion

13.15 The report sets out a range of options for the Council that have the potential to change the dynamics of the facility, and increase revenues for the business. We have not taken into account any displaced income as we are not clear at this stage as to the location of any of the facilities.

13.16 Management will need to work with their design team and project managers to establish the most suitable facility mix and then rework the cost base to capture the economies of scale of bringing these types of facilities together and within their current operational cost base.

13.17 Any queries relating to this report should be made to Kevin Godden, FMG Consulting on 07710710847 or kevingodden@fmgconsulting.co.uk